



Lingbao Gold Group Company Ltd.
靈寶黃金集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

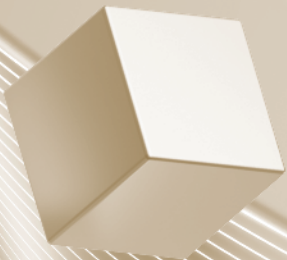
(Stock Code: 3330)

**INTERIM
REPORT 2023**



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chen Jianzheng (*Chairman*)
 Mr. Xing Jiangze (*Vice-Chairman*)
 Mr. He Chengqun (*President*)
 Mr. Dai Weitao
 Mr. Wu Liming

Non-executive Directors

Mr. Zhang Feihu
 Mr. Wang Guanran

Independent Non-executive Directors

Mr. Wang Jiheng
 Mr. Wang Guanghua
 Mr. Xu Rong
 Mr. Tan Chong Huat

SUPERVISORS

Mr. Yang Shilei
 Mr. Guo Xurang
 Mr. Zhao Bingbing
 Mr. Liu Haotian

STRATEGY COMMITTEE

Mr. Chen Jianzheng (*Chairman*)
 Mr. Xing Jiangze
 Mr. He Chengqun
 Mr. Dai Weitao
 Mr. Wu Liming
 Mr. Wang Guanghua

AUDIT COMMITTEE

Mr. Xu Rong (*Chairman*)
 Mr. Wang Jiheng
 Mr. Wang Guanghua
 Mr. Tan Chong Huat
 Mr. Zhang Feihu

NOMINATION COMMITTEE

Mr. Wang Guanghua (*Chairman*)
 Mr. Chen Jianzheng
 Mr. Wang Jiheng
 Mr. Xu Rong
 Mr. Wang Guanran

REMUNERATION AND REVIEW COMMITTEE

Mr. Wang Jiheng (*Chairman*)
 Mr. Chen Jianzheng
 Mr. He Chengqun
 Mr. Wang Guanghua
 Mr. Xu Rong

COMPANY SECRETARY

Mr. Chui Man Lung Everett

AUTHORISED REPRESENTATIVES

Mr. Chen Jianzheng
 Mr. Chui Man Lung Everett

INTERNATIONAL AUDITOR

KPMG

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

PRC AUDITOR

KPMG Huazhen LLP

Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Hong Kong law

ZHONG LUN LAW FIRM LLP

PRC Law

Beijing DeHeng Law Offices
 Henan Xiaohan Law Firm

PRINCIPAL BANKERS

Bank of China, Lingbao City Branch
 China Construction Bank, Lingbao City Branch
 Industrial and Commercial Bank of China, Lingbao City Branch
 Zhongyuan Bank, Sanmenxia Branch
 China Everbright Bank, Zhengzhou Branch
 China Guangfa Bank, Sanmenxia Branch
 Industrial Bank of China, Zhengzhou Branch
 Shanghai Pudong Development Bank, Zhengzhou Branch
 China CITIC Bank, Zhengzhou Branch

CORPORATE INFORMATION

SHARE REGISTRAR AND TRANSFER OFFICE FOR H SHARES

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE OF THE COMPANY

Hangu Road and Jingshan Road Intersection
Lingbao City
Henan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1104, 11/F
Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong

STOCK INFORMATION

Stock Code	:	3330
Listing Date	:	12 January 2006
Issued Shares	:	617,046,164 shares (H Shares) 566,975,091 shares (Domestic Shares)
Nominal Value:		RMB0.20 per share
Stock Name	:	Lingbao Gold
Website of the Company	:	www.lbgold.com
Investors' website	:	www.irasia.com/listco/hk/lingbao

INVESTOR RELATIONS CONTACT

Mr. Xing Jiangze (PRC Office)
Hangu Road and Jingshan Road Intersection
Lingbao City
Henan Province
The People's Republic of China
(Postcode: 472500)
Tel: (86-398) 8860-166
Email: lbgold@lbgold.com

Mr. Chui Man Lung Everett (Hong Kong Office)
Room 1104, 11/F
Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong
Email: lbgold@lbgold.com

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS AND PROSPECT

In the first half of 2023, Lingbao Gold Group Company Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) produced approximately 13,018 kg (equivalent to approximately 418,555 ounces) of gold bullion, representing an increase of approximately 3,847 kg (equivalent to approximately 123,712 ounces) as compared with the corresponding period of the previous year. The increase in the production volume of gold bullion was primarily due to (i) a period-on-period increase of approximately 3.21% in the overall production volume of the mining segment as a result of the Group’s efforts to strengthen the production organisation of mines, leading to further release of the production potential; (ii) an increase in the production volume of gold bullion processed from compound gold purchased externally in the smelting segment. For the six months ended 30 June 2023 (the “Current Period”), the Group’s revenue increased by approximately 50.37% to approximately RMB5,838,583,000 as compared with that of the corresponding period of the previous year, due to an overall increase in the production volume of gold bullion. The higher production volume during the Current Period than that in the corresponding period of the previous year was due to the Group’s continued optimisation of the mine production system, enhancement of the production capacity of the mining segment, continuous improvement of the internal control system of the Group and strengthened production management. The net profit of the Group for the Current Period was approximately RMB120,467,000 (six months ended 30 June 2022: net profit of RMB180,902,000). The basic earnings per share of the Company for the Current Period was RMB0.16 (six months ended 30 June 2022: RMB0.21).

The Group’s mineral resources are mainly scattered in the regions of Henan, Xinjiang, Inner Mongolia, Jiangxi and Gansu of the People’s Republic of China (the “PRC”) and Kyrgyz Republic (“KR”) with 35 mining and exploration rights as at 30 June 2023, covering 240.75 square kilometres. The total gold reserves and resources as at 30 June 2023 were approximately 138.47 tonnes (4,451,811 ounces).

1. Mining Segment

Revenue and production

Our mining business mainly comprises the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold were sold to the Group’s smelting plant as intra-group sales.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the analysis on the production and sales volume of the mining segment by product category:

	Unit	For the six months ended 30 June			
		2023		2022	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold concentrates (contained gold)	kg	2,556	2,642	2,457	2,399
Compound gold	kg	368	350	376	374
Total	kg	2,924	2,992	2,833	2,773
Total	Ounce	94,007	96,193	91,081	89,152

The Group's total revenue from the mining segment for the Current Period was approximately RMB1,246,110,000, representing an increase of approximately 24.81% from approximately RMB998,374,000 for the corresponding period in 2022. Such increase was attributable to an overall increase in the production and sales volume of the mining segment compared to the corresponding period of previous year due to the Group's efforts to strengthen internal control management. Among them, revenue from Mining – PRC was approximately RMB1,177,612,000 (six months ended 30 June 2022: RMB944,055,000), and revenue from Mining – KR was approximately RMB68,498,000 (six months ended 30 June 2022: RMB54,319,000). During the Current Period, the turnover in Henan, Xinjiang, KR and Inner Mongolia accounted for approximately 82.43%, 11.91%, 0.16% and 5.50% of the total turnover from the mining segment, respectively. Compared to the corresponding period of the previous year, the production of compound gold in mining segment decreased by approximately 8 kg to approximately 368 kg, while the production of gold concentrates increased by approximately 99 kg to approximately 2,556 kg during the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Segment results

The Group's total profit of the mining segment for the Current Period was approximately RMB404,156,000, representing an increase of approximately 14.93% as compared with the total profit of approximately RMB351,667,000 for the corresponding period in 2022, among which, the profit from Mining — PRC was approximately RMB519,190,000 (six months ended 30 June 2022: RMB348,118,000), and the loss from Mining — KR was approximately RMB115,034,000 (six months ended 30 June 2022: profit of approximately RMB3,549,000). The segment result to segment revenue ratio of the Group's mining segment for the Current Period was approximately 32.43%, compared with approximately 35.22% in the corresponding period in 2022.

During the Current Period, the profit of the Mining — PRC segment significantly increased by approximately 49.14% as compared with that in the corresponding period in 2022, mainly attributable to a significant increase in production volume as compared to the corresponding period in 2022 thanks to the Group's efforts to deepen the reform of management mechanism, as well as the outstanding production quality and production efficiency control, promotion of exploration and mining technology, improvement of hoisting capability, and processing plant expansion project of Tongbai Xingyuan Mining Company Limited ("Xingyuan"). The Group completed the production of 2,682 kg of gold concentrates (contained gold) and compound gold in the first half of 2023, representing an increase of 169 kg and a period-on-period increase of 6.73%.

During the Current Period, thanks to the steady optimisation of mineral separation indicators through the research and development of the mineral separation process and technical breakthroughs, the Mining — KR segment, being Full Gold Mining Limited Liability Company ("Full Gold"), recorded a stable increase in its revenue. However, due to the write-down of inventories in relation to certain ore amounting to RMB99,721,000, this segment recorded a loss of RMB115,034,000 (30 June 2022: segment profit of approximately RMB3,549,000).

Based on the above, there was an improvement in the mining and mineral separation efficiency of the Group's mining segment as compared with that of the corresponding period in 2022, and the overall profit of the mining segment increased by approximately 14.93% as compared with that of the corresponding period in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Smelting Segment

The Group's existing melting plant is situated in Henan Province, and is capable of processing gold, silver, copper products and sulphuric acid. Its main products include gold bullion, silver, copper products and sulphuric acid. The following table sets forth the analysis on the production and sales volume of the smelting segment by product category:

	Unit	For the six months ended 30 June			
		2023		2022	
		Approximate production volume	Approximate sales volume	Approximate production volume	Approximate sales volume
Gold bullion (processed from gold concentrates)	kg	5,278	5,000	5,550	6,052
	ounce	169,689	160,750	178,433	194,572
Gold bullion (processed from compound gold purchased externally)	kg	7,740	8,009	3,622	3,622
	ounce	248,843	257,489	116,447	116,447
Silver	kg	11,556	10,168	6,997	4,056
	ounce	371,525	326,901	224,954	130,400
Copper products	tonne	2,259	2,404	1,609	1,092
Sulphuric acid	tonne	52,322	55,769	53,975	59,060

MANAGEMENT DISCUSSION AND ANALYSIS

Sales and production

The Group's total revenue from the smelting segment for the Current Period was approximately RMB5,862,544,000, representing an increase of approximately 50.49% from approximately RMB3,895,751,000 for the corresponding period in 2022.

The increase in the total revenue of the smelting segment for the Current Period was mainly due to an increase in the production and sales volume of gold bullion as a result of the increasing procurement of compound gold for processing.

During the Current Period, the gross profit margin of gold bullion processed from gold concentrates was 24.1% as compared to 14.34% for the corresponding period in 2022, while the gross profit margin of gold bullion processed from compound gold purchased externally was -0.84% as compared to 0.19% for the corresponding period in 2022.

Segment results

The Group's smelting segment recorded a loss of RMB28,707,000 for the Current Period, compared to a profit of approximately RMB48,162,000 for the same period in 2022. The Group has made efforts in optimising production processes, staggering the use of electricity, making minor changes and reforms, strictly implementing the cost reduction and efficiency enhancement system, tightening control over internal procurement, and improving the recovery rate with additional tailings disposal facilities. However, the smelting segment recorded a loss for the Current Period as the purchased compound gold processing business incurred a loss during the Current Period due to the fluctuation of gold prices.

CONSOLIDATED OPERATING RESULTS

Revenue

The following table sets forth the analysis on the Group's sales by product category:

Product name	For the six months ended 30 June					
	2023			2022		
	Amount (RMB'000)	Sales volume	Average unit price (RMB per kg/tonne)	Amount (RMB'000)	Sales volume	Average unit price (RMB per kg/tonne)
Gold bullion	5,546,828	13,018 kg	426,089	3,771,773	9,678 kg	389,726
Silver	48,324	10,168 kg	4,753	17,472	3,994 kg	4,374
Copper products	143,051	2,404 tonnes	59,507	69,114	1,092 tonnes	63,291
Sulphuric acid	1,787	55,769 tonnes	32	30,328	59,060 tonnes	514
Gold concentrates	91,883	253 kg	363,174	10,421	29 kg	359,345
Others	38,352			4,766		
Revenue before tax	5,870,225			3,903,874		
Less: Sales taxes and levies	(31,642)			(21,071)		
	5,838,583			3,882,803		

The Group's revenue for the Current Period was approximately RMB5,838,583,000, representing an increase of 50.37% as compared with the corresponding period in 2022. The overall increase in the revenue was primarily attributable to an increase in the production volume of the gold bullion processed from compound gold purchased externally.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin for the Current Period were RMB355,376,000 and 6.09%, respectively, and the gross profit and gross profit margin for the corresponding period of the previous year were RMB411,512,000 and 10.6%, respectively. The decrease of gross profit margin is due to the write-down of inventories in mining-KR segment and net loss recorded in smelting segment.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PLANNING FOR THE SECOND HALF OF 2023

In the second half of 2023, the Company will, on the basis of the completion of tasks in the first half of the year, identify weakness and take corresponding measures to further strengthen basic management, and promote the continuous and steady improvement of production and operation by facilitating technological innovation and unleashing the momentum from reforms.

(I) To enhance control standards

We will further improve our management systems and workflows, while intensifying supervision and assessment of work execution. Major matters will be carried out in accordance with relevant procedures and processes on the basis of compliance with laws and regulations, thereby elevating the overall control standards of the Company. The business departments will establish cost control task forces to conduct in-depth investigation, guidance and assessment of cost management work, with a focus on addressing the issue of high costs and improving operational performance.

(II) To intensify mineral prospecting efforts

We will strengthen quality control in mineral prospecting projects to enhance the effectiveness of mineral prospecting and reserve expansion. Properly managing the relationship between mining and mineral prospecting, we will reinforce performance evaluations and incentives, with an emphasis on resolving the imbalance between mineral prospecting and mining.

(III) To strengthen production organisation

With a central focus on improving the quality and efficiency of economic development, we will enhance the scheduling and management of production organisation to improve management efficiency. Our aim is to ensure the successful realisation of production objectives.

(IV) To conduct inspection work

We will conduct thorough inspections within the Company to supervise and ensure compliance with laws and regulations, systems and procedures, and the proper execution and implementation of major matters. We will audit operational outcomes, and propose corrective measures for identified issues, so as to give full play to the preventive role of compliance, disciplinary, and auditing functions to promote compliant operations.

(V) To prioritise safety and environmental protection

We will persistently strengthen the identification and rectification of safety and environmental risks and hazards. Efforts will be made to enhance the governance capabilities of safety and environmental protection, and firmly prevent and control the occurrence of major accidents, so as to provide guarantees for the fulfillment of annual objectives and long-term development goals.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated funds, bank loans and loans from other financial institutions. The cash and cash equivalents balances as at 30 June 2023 amounted to RMB215,739,000 (31 December 2022: RMB173,010,000).

The total equity attributable to the equity shareholders of the Company as at 30 June 2023 amounted to RMB2,219,946,000 (31 December 2022: RMB2,104,393,000). As at 30 June 2023, the Group had current assets of RMB3,478,099,000 (31 December 2022: RMB3,259,605,000) and current liabilities of RMB4,589,143,000 (31 December 2022: RMB4,498,321,000). The current ratio was 75.79% (31 December 2022: 72.5%).

As at 30 June 2023, the Group had total outstanding bank and other borrowings of approximately RMB3,776,050,000 (with interest rates ranging from 2.0% to 6.3% per annum). Approximately RMB3,606,050,000 should be repayable within one year and approximately RMB170,000,000 should be repayable over one year but within two years. The gearing ratio as at 30 June 2023 was 52.28% (31 December 2022: 53.2%), which was calculated by total borrowings divided by total assets.

As at 30 June 2023, the Group had unutilised banking facilities related to unsecured bank borrowings of approximately RMB273 million, which could be drawn down by the Group to finance its operation. Based on the past experience and the communication with banks, the Directors believes that the Company has the ability to renew or secure banking facilities upon maturity. The shareholder, named D&R Asset Management Group Company Limited ("D&R Investment"), of the Company has also undertaken to provide financial support to the Company as may be necessary to ensure its continuing operation for the 12-month period from 1 July 2023 to 30 June 2024, in addition to the Group's future proceeds from allotment as disclosed in note 15.

In order to effectively lower the debt ratio and improve the financing ability of the Group, the Group will take the following measures:

- 1) to secure certain funding by enhancing the communication and promoting mutual trust between the Group and banks and other financial institutions;
- 2) to increase supply chain financing by taking full advantage of the attribute of high liquidity of inventories in the gold mining industry; and
- 3) to obtain more secured long-term loan facilities at lower interest rates by pledging property, plant and equipment of the Group, in order to increase liquidity and reduce short-term borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Security and Guarantee

For details of securities and guarantees of the Group as at 30 June 2023, please refer to Note 13 “Bank and Other Borrowings” to these financial statements.

Market Risks

The Group is exposed to various types of market risks, including fluctuations in gold prices and other commodity prices, as well as changes in interest rates, foreign exchange rates and inflation.

Gold price and other commodities price risk

The Group’s revenue and profit for the Current Period were affected by fluctuations in the gold prices and other commodities prices as all our products were sold at market prices and such fluctuations in prices were beyond our control. The Group does not use and strictly prohibits the use of commodity derivative instruments or futures for speculation purpose. All commodity derivative instruments are used to minimise the potential price fluctuation of gold and other commodities.

Interest rate risk

The Group is exposed to risks associated with the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for general corporate purposes such as support of capital expenditure and working capital. The Group’s bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant regulations of the People’s Bank of China. If the People’s Bank of China increases the interest rates, our finance costs will increase accordingly. In addition, to the extent that we may need to raise our debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt.

Exchange rate risk

The Group’s transactions are mainly denominated in Renminbi. As such, fluctuations in exchange rates may affect the international and domestic gold prices, and our operational results may be affected. Renminbi is not freely convertible and could fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi.

In addition to the foregoing, the exchange rate risks to which the Group exposes are mainly from certain bank deposits, trade and other receivables, trade and other payables and bank loans, which are denominated in foreign currencies. The currency risk is primarily from United States dollars.

Fluctuations in exchange rates may adversely affect the value of our net assets, earnings and any dividends we declare when they are being converted or translated into Hong Kong dollars.

Contractual Obligations

As at 30 June 2023, the Group’s total capital commitments in respect of the contracted construction costs and the authorised but not contracted construction costs which were not provided for in the financial statements were approximately RMB97,925,000 (31 December 2022: RMB37,065,000) and RMB333,876,000 (31 December 2022: RMB302,338,000), respectively, representing an increase of approximately RMB60,860,000 and approximately RMB31,538,000, respectively.

Capital Expenditure

For the Current Period, the Group's capital expenditure was approximately RMB201,619,000, representing an increase of approximately 113.98% from approximately RMB94,222,000 for the corresponding period in 2022.

The Group's capital expenditure mainly relates to the construction of mining shafts and renewal of mining rights for other relevant subsidiaries, expansion of project equipment and upgrading of production equipment.

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities.

Human Resources and Employee Information

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

As at 30 June 2023, the Group had an aggregate of 4,117 employees (as at 31 December 2022: 4,176 employees). During the Current Period under review, staff costs, including Directors' remuneration, was approximately RMB164 million (as at 31 December 2022: approximately RMB305 million). The Group recruited and promoted individual persons according to their capabilities and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and prevailing market salary scale.

The Group is dedicated to the training and development of its employees, and provides its employees with abundant training opportunities and diversified training programs. The Group provides introductory training and orientation for all new employees, as well as on-the-job training to continually improve its employees' technical, professional and management skills. The Company has also developed salary incentive policies for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks and licensed financial institution. To manage liquidity risk, the Board of Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant investments

As at 30 June 2023, the Group did not hold any material investments.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

As at 30 June 2023, there was no material acquisition or disposal of subsidiaries or associated companies.

Future Plans for Material Investments or Capital Assets

Save as disclosed otherwise in this report, the Group did not have any other future plans relating to material acquisitions, investments or capital assets as at the date of this report.

OTHER INFORMATION

SHARE CAPITAL

As at 30 June 2023, there was a total of share capital of 864,249,091 shares of the Company which includes:

	Number of shares	Approximate percentage of total share capital
Domestic shares	566,975,091	65.60%
H shares*	297,274,000	34.40%
Total	864,249,091	100.00%

* Pursuant to the Subscription Agreement, on 18 August 2023, the Company issued 319,772,164 H shares to D&R Industrial Development (Hong Kong) Limited, a Hong Kong incorporated wholly-owned subsidiary of D&R Investment which is the nominee designated by D&R Investment to receive the Subscription Shares pursuant to the Subscription Agreement. Accordingly, immediately after the completion of the Subscription, the registered share capital of the Company has been increased to 1,184,021,255 shares, comprising 566,975,091 Domestic shares and 617,046,164 H shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Group during the period ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 June 2023, the following Director(s) or chief executive(s) of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

Name and Position	Class of shares	Nature of Interest	Number of Shares held	Approximate	Approximate	Approximate
				percentage of the total issued domestic share capital	percentage of the total issued H share capital	percentage of the total share capital
Mr. Wang Guanran (Non-executive Director)	Domestic Shares	Interest of controlled corporation	185,339,000 (L) (note 2)	32.69%	—	21.45%
	H Shares	Interest of controlled corporation	319,772,164 (L) (note 3)	—	107.57%	37.00%

OTHER INFORMATION

Notes:

1. "L" represents long position in Shares/underlying Shares and "S" represents short position in Shares.
2. This represents the interests in 185,339,000 domestic shares of the Company directly held by D&R Asset Management Group Company Limited (達仁投資管理集團股份有限公司) ("D&R Investment"). D&R Investment is majority-owned as to approximately 56.28% by Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (formerly known as Beijing Jiesi Weiye Holding Co., Ltd (北京傑思偉業控股股份有限公司)), which in turn is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively. D&R Investment is also directly owned as to approximately 5.79% by Mr. Wang Guanran.
3. This represents the interests in 319,772,164 H shares of the Company directly held by D&R Investment. D&R Investment is majority-owned as to approximately 56.28% by Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (formerly known as Beijing Jiesi Weiye Holding Co., Ltd (北京傑思偉業控股股份有限公司)), which in turn is majority-owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively. D&R Investment is also directly owned as to approximately 5.79% by Mr. Wang Guanran. Pursuant to the Subscription Agreement, on 18 August 2023, the Company issued 319,772,164 H Shares to D&R Industrial Development (Hong Kong) Limited, a Hong Kong incorporated wholly-owned subsidiary of D&R Investment which is the nominee designated by D&R Investment to receive the Subscription Shares pursuant to the Subscription Agreement.

Save as disclosed above, as at 30 June 2023, and to the best knowledge of the Directors and chief executives of the Company, no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2023, as far as the Directors are aware of, the following persons, other than the Directors and chief executives of the Company, had an interest in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Class of shares	Nature of Interest	Number of Shares held	Approximate	Approximate	Approximate
				percentage of the total issued domestic share capital	percentage of the total issued H share capital	percentage of the total share capital
D&R Asset Management Group Company Limited (達仁投資管理集團股份有限公司) ("D&R Investment")	Domestic Shares	Beneficial owner	185,339,000 (L)	32.69%	—	21.45%
	H Shares	Beneficial owner	319,772,164 (L) (note 2)	—	107.57%	37.00%
Beijing Jiesi Weiye Holding Co., Ltd (北京傑思偉業控股股份有限公司) (note 3)	Domestic Shares	Interest of controlled corporation	185,339,000 (L)	32.69%	—	21.45%
	H Shares	Interest of controlled corporation	319,772,164 (L) (note 2)	—	107.57%	37.00%
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	Domestic Shares	Beneficial owner	73,540,620 (L)	12.97%	—	8.51%
Shanghai Zhengxi Investment Management Partnership (Limited Partnership) (上海正禧投資管理合夥企業 (有限合夥))	Domestic Shares	Beneficial owner	57,000,000 (L)	10.05%	—	6.60%

OTHER INFORMATION

Notes:

1. “L” represents long position in Shares/underlying Shares and “S” represents short position in Shares.
2. On 11 November 2021, the Company and D&R Investment entered into the subscription agreement and D&R Investment has conditional agreed to subscribe for 319,772,164 H shares. Pursuant to the Subscription Agreement, on 18 August 2023, the Company successfully issued 319,772,164 H Shares to D&R Industrial Development (Hong Kong) Limited, a Hong Kong incorporated wholly-owned subsidiary of D&R Investment which is the nominee designated by D&R Investment to receive the Subscription Shares pursuant to the Subscription Agreement.
3. The 56.28% equity interest of D&R Investment is owned by Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (formerly known as Beijing Jiesi Weiye Co., Ltd (北京傑思偉業控股有限公司)). Shenzhen Jiesi Weiye Holding Co., Ltd (深圳傑思偉業控股股份有限公司) (formerly known as Beijing Jiesi Weiye Holding Co., Ltd (北京傑思偉業控股股份有限公司)) in turn is owned as to approximately 65.68% and 4.91% by Mr. Wang Guanran (non-executive director) and two limited liability partnerships whose general partner is Mr. Wang Guanran, respectively.

Save as disclosed above, according to the provisions of the SFO, as at 30 June 2023, so far as the Directors are aware, there are no other persons, other than the Directors and chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

There is no change in Directors' biographical details since the date of the Annual Report 2022 and up to the date of this report, which are required to be disclosed pursuant to rule 13.51B of the Listing Rules.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining a solid, transparent and sensible framework of corporate governance for the Company and its subsidiaries and will continue to review its effectiveness.

The Company has adopted the code provisions (the “Code Provisions”) as stated in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the Directors consider it is applicable and practical to the Company.

During the Current Period, the Company has complied with the Code Provisions in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Based on specific enquiry of the Directors, the Directors complied with the required standard set out in the Model Code throughout the Current Period.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors and one non-executive Director, namely, Mr. Xu Rong, Mr. Wang Guanghua, Mr. Wang Jiheng, Mr. Tan Chong Huat and Mr. Zhang Feihu. An Audit Committee meeting was held on 31 August 2023 to review the unaudited interim financial report for the six months ended 30 June 2023. KPMG, the Group's external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2023 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

EVENTS AFTER THE REPORTING PERIOD**(i) Completion of the Proposed Subscription and Issuance of H shares ("Completion of Allotment of H shares")**

Due to the fulfillment of all conditions under the Subscription Agreement, 319,772,164 H shares were issued by the Company to D&R Industrial Development (Hong Kong) Limited on Friday, 18 August 2023. Accordingly, immediately after the completion of the Subscription, the registered share capital of the Company has been increased to 1,184,021,255 shares, comprising 566,975,091 Domestic shares and 617,046,164 H shares. For details, please refer to the Company's (i) announcement dated 11 November 2021; (ii) circular dated 31 December 2021; (iii) announcement dated 17 January 2022; (iv) announcement dated 8 December 2022; (v) circular dated 4 January 2023; (vi) announcement dated 20 January 2023; and (vii) announcement dated 18 August 2023.

(ii) Change in Constitutional Documents

Upon Completion of the Allotment of the H shares, in order to further update the exact share capital and shareholdings of the Company, the Company made appropriate amendments to the relevant share capital and shareholdings, with the new Articles of Association being uploaded onto the websites of the Stock Exchange and the Company on the same day.

Save as disclosed above, there was no change in the Articles of Association during the six-month period ended 30 June 2023.

By order of the Board

Chen Jianzheng

Chairman

Lingbao City, Henan Province, The PRC

31 August 2023

REVIEW REPORT



**Review report to the board of directors of
Lingbao Gold Group Company Ltd.**

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 50 which comprises the consolidated statement of financial position of Lingbao Gold Group Company Ltd. (the "Company") as of 30 June 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

REVIEW REPORT

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the interim financial report which describes that the Company and its subsidiaries (together “the Group”) had net current liabilities of RMB1,111 million and capital commitment of RMB432 million as at 30 June 2023. The Group had current bank and other borrowings of RMB3,606 million and most of the banking facilities will be subject to renewal within one year. The Group’s ability to meet these liquidity requirements depends on its ability to draw down uncommitted unutilised facilities and renew or refinance the banking facilities upon maturity. These facts and circumstances, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

31 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Revenue	4	5,838,583	3,882,803
Cost of sales		(5,483,207)	(3,471,291)
Gross profit		355,376	411,512
Other revenue		27,793	19,177
Other net gain	5(b)	49,158	37,168
Selling and distribution expenses		(2,609)	(1,954)
Administrative expenses and other operating expenses		(147,074)	(163,387)
Profit from operations		282,644	302,516
Finance costs	5(a)	(86,286)	(58,759)
Share of losses of associates		(1,512)	(642)
Profit before taxation	5	194,846	243,115
Income tax	6	(74,379)	(62,213)
Profit for the period		120,467	180,902
Attributable to:			
Equity shareholders of the Company		140,352	179,361
Non-controlling interests		(19,885)	1,541
Profit for the period		120,467	180,902
Basic and diluted earnings per share (RMB cents)	7	16.2	20.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Profit for the period	120,467	180,902
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of overseas subsidiaries	(31,900)	(45,208)
Total comprehensive income for the period	88,567	135,694
Attributable to:		
Equity shareholders of the Company	115,525	142,585
Non-controlling interests	(26,958)	(6,891)
Total comprehensive income for the period	88,567	135,694

The notes on pages 27 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

		At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	1,781,503	1,814,683
Construction in progress	8	399,022	304,205
Intangible assets	9	1,067,586	1,028,386
Goodwill		4,717	4,717
Right-of-use assets		129,442	135,777
Interest in associates		24,693	26,206
Other financial assets		4,520	4,520
Non-current prepayments		25,377	25,665
Deferred tax assets		307,781	300,139
		3,744,641	3,644,298
Current assets			
Inventories	10	1,464,755	1,280,758
Trade and other receivables	11	352,953	379,937
Fixed deposits held at banks with maturity over three months		14,452	—
Pledged deposits		1,430,200	1,425,900
Cash and cash equivalents	12	215,739	173,010
		3,478,099	3,259,605
Current liabilities			
Bank and other borrowings	13	3,606,050	3,571,749
Trade and other payables	14	886,076	838,739
Contract liabilities		2,329	5,439
Lease liabilities		12,671	12,119
Current tax payable		82,017	70,275
		4,589,143	4,498,321
Net current liabilities		(1,111,044)	(1,238,716)
Total assets less current liabilities		2,633,597	2,405,582

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities			
Bank and other borrowings	13	170,000	100,000
Other payables	14	455,161	384,122
Lease liabilities		15,691	17,382
Deferred tax liabilities		5,568	5,496
		646,420	507,000
NET ASSETS			
		1,987,177	1,898,582
CAPITAL AND RESERVES			
	15		
Share capital		172,850	172,850
Reserves		2,047,096	1,931,543
Total equity attributable to equity shareholders of the Company		2,219,946	2,104,393
Non-controlling interests		(232,769)	(205,811)
TOTAL EQUITY		1,987,177	1,898,582

Approved and authorised for issue by the Board of Directors on 31 August 2023.

Chen Jianzheng

Executive director and chairman

Wu Liming

Executive director

The notes on pages 27 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	PRC				Retained profits	Non-controlling interests	Total equity
			Statutory reserves	Exchange reserve	Other reserve	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2022	172,850	891,926	171,824	18,332	(858)	674,957	1,929,031	(180,835)	1,748,196
Changes in equity for the six months ended 30 June 2022:									
Profit for the period	—	—	—	—	—	179,361	179,361	1,541	180,902
Other comprehensive income	—	—	—	(36,776)	—	—	(36,776)	(8,432)	(45,208)
Total comprehensive income for the period	—	—	—	(36,776)	—	179,361	142,585	(6,891)	135,694
Profit appropriation	—	—	3,487	—	—	(3,487)	—	—	—
Appropriation of safety production fund (note 15(c))	—	—	25,626	—	—	—	25,626	—	25,626
Utilisation of safety production fund (note 15(c))	—	—	(25,569)	—	—	—	(25,569)	—	(25,569)
Balance at 30 June 2022 and 1 July 2022	172,850	891,926	175,368	(18,444)	(858)	850,831	2,071,673	(187,726)	1,883,947
Changes in equity for the six months ended 31 December 2022:									
Profit/(loss) for the period	—	—	—	—	—	60,861	60,861	(11,493)	49,368
Other comprehensive income	—	—	—	(28,084)	—	—	(28,084)	(6,592)	(34,676)
Total comprehensive income for the period	—	—	—	(28,084)	—	60,861	32,777	(18,085)	14,692
Profit appropriation	—	—	1,287	—	—	(1,287)	—	—	—
Appropriation of safety production fund	—	—	59,402	—	—	—	59,402	—	59,402
Utilisation of safety production fund	—	—	(59,459)	—	—	—	(59,459)	—	(59,459)
Balance at 31 December 2022	172,850	891,926	176,598	(46,528)	(858)	910,405	2,104,393	(205,811)	1,898,582
Balance at 1 January 2023	172,850	891,926	176,598	(46,528)	(858)	910,405	2,104,393	(205,811)	1,898,582
Changes in equity for the six months ended 30 June 2023:									
Profit/(loss) for the period	—	—	—	—	—	140,352	140,352	(19,885)	120,467
Other comprehensive income	—	—	—	(24,827)	—	—	(24,827)	(7,073)	(31,900)
Total comprehensive income for the period	—	—	—	(24,827)	—	140,352	115,525	(26,958)	88,567
Profit appropriation	—	—	1,929	—	—	(1,929)	—	—	—
Appropriation of safety production fund (note 15(c))	—	—	39,927	—	—	—	39,927	—	39,927
Utilisation of safety production fund (note 15(c))	—	—	(39,899)	—	—	—	(39,899)	—	(39,899)
Balance at 30 June 2023	172,850	891,926	178,555	(71,355)	(858)	1,048,828	2,219,946	(232,769)	1,987,177

The notes on pages 27 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2023 — unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Operating activities		
Cash generated from operations	285,075	194,693
PRC income tax paid	(70,207)	(22,915)
Net cash generated from operating activities	214,868	171,778
Investing activities		
Payment for construction in progress	(136,600)	(116,930)
Payment for purchase of property, plant and equipment	(39,965)	(48,775)
Payment for purchase of intangible assets	(23,936)	(5,060)
Proceeds from disposal of property, plant and equipment	—	52,064
Other cash flows arising from investing activities	32,814	20,462
Net cash used in investing activities	(167,687)	(98,239)
Financing activities		
Proceeds from bank and other borrowings	2,897,441	3,222,046
Repayment of bank and other borrowings	(2,798,036)	(2,589,431)
Proceeds from a loan from shareholders	—	30,000
Repayment of loans from shareholders	—	(70,000)
Pledged deposits placed for borrowings	(10,440)	(540,600)
Capital element of lease rentals paid	(2,239)	(9,093)
Interest element of lease rentals paid	(814)	(747)
Other cash flows arising from financing activities	(77,203)	(44,283)
Net cash generated/(used in) financing activities	8,709	(2,108)
Net increase in cash and cash equivalents	55,890	71,431
Cash and cash equivalents at 1 January	173,010	160,145
Effect of foreign exchange rate changes	1,291	449
Cash and cash equivalents at 30 June	230,191	232,025

The notes on pages 27 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It has been reviewed by the audit committee of Lingbao Gold Group Company Ltd. (the “Company”) and was authorised for issue on 31 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together “the Group”) since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Materiality uncertainty related to going concern

As at 30 June 2023, the Group had net current liabilities of RMB1,111 million and capital commitment of RMB432 million. Included in the current liabilities were bank and other borrowings of RMB3,606 million due within one year. The Group is dependent on the support from its bankers and most of the banking facilities will be subject to renewal within one year. The Group was able to renew or refinance banking facilities upon maturity in the past years. However, in view of the recent environment of tightening market liquidity and economic volatility, it may be more challenging for the Group to refinance bank and other borrowings in the coming years.

For the six-month period ended 30 June 2023, the Group’s net cash generated from operating activities was RMB215 million, and the Group only had cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits amounting to RMB216 million, RMB14 million and RMB1,430 million, respectively, as at 30 June 2023. The Group will be unable to repay the bank and other borrowings and meet other liquidity requirements in full when they fall due unless the Group is able to draw down unutilised facilities and to renew or refinance the banking facilities upon maturity. These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION (continued)**Materiality uncertainty related to going concern (continued)**

In view of these circumstances, the Directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least twelve months from 30 June 2023. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (i) On 18 August 2023, the major shareholder, named D&R Asset Management Group Company Limited ("D&R Investment") has completed its subscription for 319,772,164 H shares as disclosed in note 15. The net proceeds from this allotment were approximately HK\$266 million;
- (ii) D&R Investment has also undertaken to provide financial support to the Company as may be necessary to ensure the Group's continuing operation for at least twelve-month period from 30 June 2023; and
- (iii) As at 30 June 2023, the Group had uncommitted unutilised banking facilities related to unsecured bank borrowings, of RMB273 million. Management is actively negotiating with the banks for draw-down of such unutilised banking facilities, renewal or extension of existing banking facilities to secure financing for the Group.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient cash inflows to meet its liquidity requirements for at least the next twelve months from the end of the reporting period.

Based on the Directors' intentions and assuming the success of the above plans and measures, the Directors are of the opinion that it is appropriate to prepare the Group's interim financial report for the six months ended 30 June 2023 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in this interim financial report.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 1 to 2.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's annual consolidated financial statements for the year ended 31 December 2022 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs and guidance that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of business lines (production processes, products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments for the six months ended 30 June 2023 (2022: four reportable segments). Operating segments with similar nature of the production process, products and services have been aggregated to form the following reportable segments.

Mining — PRC	—	Gold mining and mineral ores processing operations in the PRC.
Mining — KR	—	Gold mining and mineral ores processing operations in the Kyrgyz Republic ("KR").
Smelting	—	Gold and other metal smelting and refinery operations carried out in the PRC.
Retailing	—	Gold and other jewellery retailing operations in the PRC.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (continued)**(a) Segment results, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below.

	Mining – PRC		Mining – KR		Smelting		Retailing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June										
Revenue from external customers	—	3,338	—	—	5,862,920	3,896,097	7,305	4,439	5,870,225	3,903,874
Inter-segment revenue	1,177,770	940,964	99,491	74,740	—	—	—	—	1,277,261	1,015,704
Sales taxes and levies	(158)	(247)	(30,993)	(20,421)	(376)	(346)	(115)	(57)	(31,642)	(21,071)
Reportable segment revenue	1,177,612	944,055	68,498	54,319	5,862,544	3,895,751	7,190	4,382	7,115,844	4,898,507
Reportable segment profit/(loss)	519,190	348,118	(115,034)	3,549	(28,707)	48,162	(466)	(128)	374,983	399,701
Provision of impairment on:										
– trade and other receivables	—	(800)	—	—	—	(6,000)	—	—	—	(6,800)
– purchase deposits	—	—	—	—	—	(5,463)	—	—	—	(5,463)
– right-of-use assets	—	(17,519)	—	—	—	—	—	—	—	(17,519)
As at 30 June/31 December										
Reportable segment assets	2,993,954	3,572,826	551,890	642,876	3,093,973	2,962,169	29,457	32,822	6,669,274	7,210,693
Reportable segment liabilities	925,392	2,065,536	1,673,283	1,576,363	2,591,415	2,169,053	18,652	22,825	5,208,742	5,833,777

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (continued)**(b) Reconciliations of reportable segment revenues, profit or loss**

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Revenue		
Reportable segment revenue	7,115,844	4,898,507
Elimination of inter-segment revenue	(1,277,261)	(1,015,704)
Consolidated revenue	5,838,583	3,882,803
Profit or loss		
Reportable segment profit	374,983	399,701
Elimination of inter-segment profit	(114,645)	(97,677)
Reportable segment profit derived from the Group's external customers	260,338	302,024
Share of losses of associates	(1,512)	(642)
Other net gain	49,158	37,168
Finance costs	(86,286)	(58,759)
Unallocated head office and corporate expenses	(26,852)	(36,676)
Consolidated profit before taxation	194,846	243,115
Income tax	(74,379)	(62,213)
Profit for the period	120,467	180,902

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE

The principal activities of the Group are mining, processing, smelting and sales of gold and other metallic products in the PRC.

Revenue represents the sales value of goods sold to customers, net of sales tax and value added tax.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products lines is as follow:

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
— Sales of gold	5,639,239	3,782,195
— Sales of other metals	191,375	86,586
— Sales of jewellery	6,777	4,440
— Others	32,834	30,653
Less: Sales taxes and levies	(31,642)	(21,071)
	5,838,583	3,882,803

All revenue was recognised at a point in time under HKFRS 15.

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(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
(a) Finance costs:		
Interest expenses on bank loans	66,286	39,616
Interest expenses on lease liabilities	814	747
Other borrowing costs	19,186	18,396
	86,286	58,759
(b) Other net gain:		
Net realised and unrealised gain on financial instruments at fair value	(908)	(2,835)
Net foreign exchange gain	(49,793)	(53,089)
Impairment losses of right-of-use assets	—	17,519
Others	1,543	1,237
	(49,158)	(37,168)
(c) Other items:		
Profit before taxation is arrived at after charging:		
Depreciation of right-of-use assets	5,823	4,033
Amortisation of intangible assets	29,870	41,087
Depreciation of property, plant and equipment	108,442	100,624
Less: Depreciation capitalised into construction in progress	(478)	(318)
	107,964	100,306
Provision of impairment losses on:		
— right-of-use assets	—	17,519
— trade and other receivables	—	6,800
— purchase deposits	—	5,463
Government grants	9,122	3,779
Bank interest income	13,434	11,920

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Current tax – PRC income tax		
Provision for the period	88,402	81,916
Over-provision in respect of prior years	(6,453)	(4,190)
Deferred taxation	(7,570)	(15,513)
	74,379	62,213

- (a) Under the Corporate Income Tax Law of the PRC (the “CIT Law”), which was passed by the Fifth Plenary Session of the Tenth National People’s Congress, effective from 1 January 2008, the Company and its PRC subsidiaries are subject to income tax at the statutory rate of 25%, unless otherwise specified.

One of the subsidiaries, Habahe Huatai Gold Company Limited (“Huatai”) was accredited as a “High and New Technology Enterprise” in December 2020 with 3-year validity period. Huatai was entitled to a preferential income tax rate of 15% since 1 January 2021.

- (b) Hong Kong profits tax rate for 2023 is 16.5% (2022: 16.5%). No provision for Hong Kong profits tax is made as the subsidiary located in Hong Kong still has accumulated tax losses.
- (c) Kyrgyzstan corporate income tax rate (“KR CIT”) in 2023 is 0% (2022: 0%).

On 9 August 2012, the Parliament of Kyrgyz Republic passed the law on amendments and additions to the Tax Code of the Kyrgyz Republic (“Amended Tax Code”) which became effective from 1 January 2013. In accordance with the Amended Tax Code, starting from 1 January 2013 the KR CIT rate for gold mining companies is set at 0%.

7 EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2023 is based on the earnings attributable to equity shareholders of the Company of RMB140,352,000 (six-month period ended 30 June 2022: RMB179,361,000) and 864,249,091 ordinary shares in issue during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: 864,249,091 ordinary shares).

(b) Diluted earnings per share

The diluted earnings per share for the six-month period ended 30 June 2023 and 2022 are the same as the basic earnings per share as there are no dilutive potential ordinary shares during the periods.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

8 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS**Acquisitions and disposals of owned assets**

During the six months ended 30 June 2023, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB35,627,000 and RMB126,080,000, respectively (six months ended 30 June 2022: RMB2,056,000 and RMB91,867,000, respectively). Items of property, plant and equipment with an aggregate net book value of RMB164,000 was disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB2,239,000), resulting in a loss on disposal of RMB3,000 (six months ended 30 June 2022: RMB1,603,000).

9 INTANGIBLE ASSETS**Acquisitions and disposals**

During the six months ended 30 June 2023, additions of exploration and evaluation assets and mining rights made by the Group amounted to RMB3,507,000 and RMB61,367,000, respectively (six months ended 30 June 2022: RMB299,000 and Nil, respectively). There is no disposal of intangible assets during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB1,505,000).

10 INVENTORIES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Raw materials	750,897	623,264
Work in progress	178,328	159,774
Finished goods	412,790	397,660
Spare parts and materials	122,740	100,060
	1,464,755	1,280,758

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Carrying amount of inventories sold	5,389,049	3,483,563
Write down of inventories	94,158	—
Reversal of write-down of inventories	—	(12,272)
	5,483,207	3,471,291

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(Expressed in Renminbi Yuan unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within three months		123,213	172,042
Over three months but within one year		—	300
Trade debtors and bills receivable, net of loss allowance	(a)	123,213	172,342
Other receivables, net of loss allowance		62,131	69,689
Amounts due from related parties (note 18(b))		11,601	8,695
		73,732	78,384
Financial assets measured at amortised cost		196,945	250,726
Financial assets at fair value through profit or loss — gold related derivatives		3,056	—
Deposits and prepayments		87,512	66,095
Purchase deposits		816,058	813,734
Less: Allowance for non-recoverability		(750,618)	(750,618)
		65,440	63,116
		352,953	379,937

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES (continued)**Transfers of financial assets****(i) Transferred financial assets that are not derecognised in their entirety**

As at 30 June 2023, the Group endorsed certain bank acceptance bills with a carrying amount of RMB200,000 (31 December 2022: RMB3,953,000) to suppliers for settling trade payables of the same amount on a full recourse basis. As the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, the Group's management determined not to derecognise the carrying amounts of these bills receivable and the associated trade payables settled.

(ii) Transferred financial assets that are derecognised in their entirety

As at 31 December 2022, the Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date less than twelve months from the end of the reporting period. The Group's management determined that the Group has transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit rating and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2022, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to banks or suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB712,000.

As at 30 June 2023, there is no derecognition of discounted or endorsed bill receivables.

- (a) For sales of gold and jewellery, the Group requests customers to pay cash in full immediately upon the delivery. For sales of other metallic products, trade and bills receivables are due within 30 days to 180 days from the date of billing.

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(Expressed in Renminbi Yuan unless otherwise indicated)

12 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Cash at bank and in hand	215,739	173,010

13 BANK AND OTHER BORROWINGS

The analysis of the carrying amount of bank and other borrowings is as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Short-term bank and other borrowings:		
– Bank and other borrowings	3,506,050	3,552,248
– Add: Current portion of long-term bank and other borrowings	100,000	19,501
	3,606,050	3,571,749
Long-term bank and other borrowings:		
– Bank and other borrowings	270,000	119,501
– Less: Current portion of long-term bank and other borrowings	(100,000)	(19,501)
	170,000	100,000
	3,776,050	3,671,749

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 BANK AND OTHER BORROWINGS (continued)

At 30 June 2023, the bank and other borrowings were repayable as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within one year or on demand	3,606,050	3,571,749
Over one year but within two years	170,000	100,000
	3,776,050	3,671,749

At 30 June 2023, the bank and other borrowings were secured as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank and other borrowings		
– Secured	1,803,000	1,705,390
– Guaranteed	829,990	826,359
– Unsecured	1,143,060	1,140,000
	3,776,050	3,671,749

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 BANK AND OTHER BORROWINGS (continued)

At 30 June 2023, the bank and other borrowings were pledged and guaranteed as follows:

At 30 June 2023 RMB'000	Pledge deposits RMB'000	Maximum guarantees RMB'000	Guaranteed by
707,000	682,000	—	None
796,000	601,000	995,000	D&R Investment
300,000	100,000	190,000	Tongbai Xingyuan Mining Company Limited (Tongbai Xingyuan)
1,803,000	1,383,000	1,185,000	

At 30 June 2023, the bank and other borrowings were guaranteed as follows:

At 30 June 2023 RMB'000	Maximum guarantees RMB'000	Guaranteed by
689,990	945,000	D&R Investment
90,000	190,000	Huatai and Tongbai Xingyuan
50,000	50,000	Huatai and D&R Investment
829,990	1,185,000	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

		At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	<i>Notes</i>		
Current trade and other payables			
Within 3 months		223,784	203,859
Over 3 months but within 6 months		9,782	10,246
Over 6 months but within 1 year		5,585	9,556
Over 1 year but within 2 years		7,969	8,827
Over 2 years		23,557	15,704
Total trade creditors		270,677	248,192
Bills payable		—	10,000
Other payables and accruals		434,592	393,248
Total creditors and bills payable		705,269	651,440
Interest payables		1,590	1,628
Payable for mining rights		80,747	84,780
Deferred income	(a)	57,243	78,684
Payable to non-controlling interests		52	52
Amount due to related parties (note 18(b))		517	4,343
Financial liabilities at fair value through profit or loss — gold related derivatives		35,900	13,054
Dividend payable		4,758	4,758
		886,076	838,739
Non-current other payables			
Decommissioning costs	(b)	117,146	111,189
Deferred income	(a)	68,249	55,410
Payable for long-term assets	(c)	269,766	217,523
		455,161	384,122

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

14 TRADE AND OTHER PAYABLES (continued)

Notes:

- (a) Deferred income represents grants received from the government for the exploration of mines and construction of mining related assets. When certain conditions are met, the government grants are recognised as income over the periods necessarily to match them with the related costs of assets constructed which they are intended to compensate over the periods and in the proportion in which depreciation on those assets is charged.
- (b) The decommissioning costs relate to reclamation and closure costs relating to the Group's mine operations. The decommissioning costs are calculated as the net present value of estimated future net cash flows of the reclamation and closure costs, discounted at 4.9%, which amounted to RMB117,146,000 (31 December 2022: RMB111,189,000) in total as at 30 June 2023.
- (c) Payable for long-term assets represents non-current payables in respect of procurement of property, plant and equipment, construction in progress and mining right.

15 CAPITAL AND RESERVE**(a) Share capital**

	Number of shares	Amount RMB'000
As at 31 December 2022, 1 January 2023 and 30 June 2023		
Registered, issued and fully paid:		
Domestic shares of RMB0.20 each	566,975,091	113,395
H shares of RMB0.20 each	297,274,000	59,455
	864,249,091	172,850
Total	864,249,091	172,850

All Domestic shares and H shares are ordinary shares and rank pari passu with the same rights and benefits.

The Company and D&R Investment entered into the Subscription Agreement on 11 November 2021, pursuant to which the Company has conditionally agreed to issue and allot, and D&R Investment has conditionally agreed to subscribe for 319,772,164 H shares ("the Subscription"). Before the Subscription, the share capital to be issued represented approximately 37.0% of the issued share capital of the Company as at 30 June 2023. After the Subscription, the newly subscribed shares represented approximately 27.0% of the enlarged share capital of the Company, at a subscription price of HKD0.85 per H share.

D&R Investment is a substantial shareholder of the Company holding 185,339,000 Domestic shares representing approximately 21.4% of the total number of issued shares as at 30 June 2023 and 31 December 2022.

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(Expressed in Renminbi Yuan unless otherwise indicated)

15 CAPITAL AND RESERVE (continued)**(a) Share capital (continued)**

The Subscription has been completed on 18 August 2023, the shareholding percentage by D&R Investment has increased to approximately 42.7%, see note 19 for non-adjusting events after the reporting period.

(b) Dividends**(i) Dividends payable to equity shareholders attributable to the interim period**

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year has been approved during the interim period (six months ended 30 June 2022: Nil).

(c) PRC statutory reserves

Transfers from retained earnings to the PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and articles of association of the Company and its subsidiaries incorporated in the PRC.

The Company and the subsidiaries incorporated in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve (the "SSR") until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the SSR may be converted to increase the share capital of the Company, provided that the remaining balance after the capitalisation is not less than 25% of the registered share capital.

Pursuant to the relevant regulations in the PRC, the Group is required to provide for safety production fund based on volume of ores excavated and sales amount of certain products.

For the six months ended 30 June 2023, the Group transferred RMB39,927,000 (six months ended 30 June 2022: RMB25,626,000) from retained profits to specific reserve provision for the safety production fund and transferred RMB39,899,000 (six months ended 30 June 2022: RMB25,569,000) from specific reserve to retained earnings for the utilisation.

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(Expressed in Renminbi Yuan unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations review for the financial instruments. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer, to coincide with the reporting dates.

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16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**(a) Financial assets and liabilities measured at fair value (continued)****(i) Fair value hierarchy (continued)**

	Fair value at 30 June 2023 RMB'000	Fair value measurements as at 30 June 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
— Unlisted equity securities	4,520	—	—	4,520
— Gold future and forward	3,056	—	3,056	—
Financial liabilities at fair value through profit or loss:				
— Gold lease contracts	(35,900)	—	(35,900)	—

	Fair value at 31 December 2022 RMB'000	Fair value measurements as at 31 December 2022 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
— Unlisted equity securities	4,520	—	—	4,520
Financial liabilities at fair value through profit or loss:				
— Gold future and forward	(13,054)	—	(13,054)	—

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(Expressed in Renminbi Yuan unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**(a) Financial assets and liabilities measured at fair value (continued)****(i) Fair value hierarchy (continued)**

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or no transfers into or out of Level 3 (2022: Nil).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined using the price/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

	Valuation techniques	Significant unobservable inputs
Unlisted equity securities	Market comparable companies	Discount for lack of marketability

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 30 June 2023.

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17 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Authorised and contracted for		
— Property, plant and equipment	97,925	21,065
— Intangible assets	—	16,000
	97,925	37,065
Authorised but not contracted for		
— Property, plant and equipment	291,146	259,608
— Intangible assets	42,730	42,730
	333,876	302,338
	431,801	339,403

18 RELATED PARTY TRANSACTIONS

During the period ended 30 June 2023 the Directors are of the view that the following companies are related parties of the Group:

Name of party	Relationship
D&R Investment 達仁投資管理集團股份有限公司	Major shareholder of the Group
Lingbao Wason Copper-Foil Company Limited* 靈寶華鑫銅箔有限責任公司 ("Wason Copper-Foil")	Entity controlled by D&R Investment
Shenzhen Londian Huaxin Holding Group Co., Ltd.* 深圳龍電華鑫控股集團股份有限公司 ("Shenzhen Londian")	Entity controlled by D&R Investment
Henan Daren mineral products supply chain management Co., Ltd.* 河南省達仁礦產品供應鏈管理有限公司 ("Henan Daren")	Entity controlled by D&R Investment
Shenzhen Jiesi Industrial Technology Co., Ltd.* 深圳傑思實業科技股份有限公司 ("Shenzhen Jiesi")	Entity controlled by D&R Investment
D&R International Capital Management (Hong Kong) Limited 達仁國際資本管理 (香港) 有限公司 ("D&R Hong Kong")	Entity controlled by D&R Investment

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

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18 RELATED PARTY TRANSACTIONS (continued)**(a) Transactions with related parties**

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
<i>Loan from shareholders</i>		
D&R Investment	—	30,000
<i>Guarantee charge</i>		
D&R Investment (note 18(c))	5,030	5,535
<i>Sales of other metals</i>		
Wason Copper-Foil	78	—
<i>Rendering of rental service</i>		
Shenzhen Londian	1,272	1,272
D&R Investment	913	849
<i>Rendering of other service</i>		
Wason Copper-Foil	—	61
<i>Payment on behalf of the Company</i>		
D&R Investment	290	635

Note: In March 2023, the Company entered into two agreements with Shenzhen Jiesi and Henan Daren, in relation to procurement of certain raw materials, amounting to approximately RMB26,491,000, which have been delivered to the Company during the six-month period ended 30 June 2023. In August 2023, the Company has signed two termination contracts with Shenzhen Jiesi and Henan Daren, respectively, to cancel the abovementioned transactions, and the Company will return the equivalent quantities of raw materials to Shenzhen Jiesi and Henan Daren.

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18 RELATED PARTY TRANSACTIONS (continued)**(b) Balances with related parties**

As at the end of each reporting period, the Group had the following balances with related parties:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
<i>Amount due from related parties</i>		
Henan Daren	5,336	5,000
D&R Investment	4,970	—
D&R Hong Kong	—	3,695
Shenzhen Jiesi	1,295	—
<i>Amounts due to related parties</i>		
Shenzhen Londian	443	443
D&R Investment	42	42
D&R Hong Kong	—	3,772
Wason Copper-Foil	32	86

(c) Guarantee issued by related parties

As at 30 June 2023, D&R Investment issued maximum guarantees amounting to RMB995,000,000 to several banks in respect of bank and other borrowings (see note 13), bank acceptance bills and letter of credit of the Company (31 December 2022: RMB1,085,000,000).

On 11 October 2021, the Company and D&R Investment entered into an agreement for guarantee charge in relation to the above guarantees issued by D&R Investment. The guarantee charge was calculated based on the principals of unpledged bank and other borrowings with annual fee rate of 1%. For the bank and other borrowings pledged by deposits or long-term assets, no guarantee charge was occurred during the six months ended 30 June 2023.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors and supervisors is as follows:

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Short-term employee benefits	3,653	8,396
Post-employment benefits	115	138
	3,768	8,534

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19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 15, the Subscription has been completed on 18 August 2023. Accordingly, immediately after the completion of the Subscription, the registered share capital of the Company has been increased to 1,184,021,255 shares, comprising 566,975,091 Domestic Shares and 617,046,164 H Shares.

The net proceeds from the Subscription (after deducting all applicable costs and expenses, including the legal fees) amounted to approximately HKD265,600,000 (RMB equivalent 244,328,000).